

Message Text

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11

ACTION ARA-10

INFO OCT-01 AF-08 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 PA-01 PRS-01 /139 W

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R 202115Z AUG 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 4463

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

US MISSION OECD PARIS 699

LIMITED OFFICIAL USE CARACAS 10131

E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: VENEZUELAN VIEWS ON OIL PRICES AND LEVELS.

REF: CARACAS 8010

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1. MINISTER OF MINES & HYDROCARBONS HERNANDEZ STATED RECENTLY THAT SIGNIFICANT OIL PRICE INCREASE INEVITABLE IN 1977, BUT THAT GOV DID NOT BELIEVE MEETING OF OPEC MINISTERS NECESSARY BEFORE DECEMBER. HERNANDEZ EXPRESSED PERSONAL VIEW THAT EQUAL IN IMPORTANCE TO PRICE LEVEL WAS NEED FOR EACH OPEC COUNTRY TO BALANCE OIL INCOME AGAINST ITS INDIVIDUAL CAPACITY TO ABSORB AND ADMINISTER FUNDS WISELY. EXAMPLE CITED WAS POSSIBLE SAUDI PRODUCTION CUT FROM 8.5 TO 5 MILLION BARRELS/DAY, WHICH HERNANDEZ SAID HE WOULD FAVOR WHILE CAUTIONING THAT SUCH DECISION WAS FOR SAUDIS ALONE TO MAKE. CLAIMING THAT VENEZUELA COULD EXPORT 2.6 MILLION B/D BASED ON EXISTING ORDERS, HE SAID GOV WOULD STAND BY EARLIER DECISION TO HOLD EXPORTS AT 2 MILLION B/D LEVEL. END UNCLASSIFIED.

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2. COMMENT: REFERENCE TO DECEMBER MEETING APPEARS TO REFLECT GOV ACCEPTANCE THAT INTERIM MEETING NOT POSSIBLE. AVERAGE OIL PRODUCTION RATE FOR YEAR TO DATE OF 2.24 MILLION B/D, WHICH IS IN ACCORD WITH GOV'S ORIGINAL GOAL, IS AVERAGE OF HIGHER CURRENT PRODUCTION LEVELS AND LOW LEVELS EARLY IN YEAR. IF CURRENT LEVELS MAINTAINED, YEAR-END AVERAGES FOR BOTH PRODUCTION AND EXPORTS WILL BE ABOVE THOSE ORIGINALLY PLANNED.
VAKY

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Message Attributes

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Disposition History: n/a
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Disposition Remarks:
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Review Exemptions: n/a
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Margaret P. Grafeld
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04 MAY 2006

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